September 26, 2008

DSMB Supports continuation of the Phase III clinical trial of Iluvien for the treatment of DME

Boston, MA (September 26, 2008) – Global drug delivery company, pSivida Corp. (NASDAQ: PSDV, ASX: PVA, FF: PV3) today announced that after completing its review of safety and efficacy data currently available, an independent Data Safety Monitoring Board (DSMB) has once again recommended that the two pivotal Phase III clinical trials, known collectively as the FAME™ (Fluocinolone Acetonide in Diabetic Macular Edema) Study continue under the current protocol, without change. The trial is studying the use of MedidurTM FA for the treatment of diabetic macular edema (DME) being conducted by our licensing partner, Alimera Sciences. MedidurTM FA will be marketed under the name IluvienTM.

FAME are two, duplicate, double-masked, randomized, multi-center studies following 956 patients in the U.S., Canada, Europe and India for 36 months in support of a planned global registration filing, with safety and efficacy assessed after two years of follow-up. Enrolment for the FAME study was completed in October 2007. All patients have now been followed for at least approximately one year and many have been followed for two or more years.

“pSivida is very pleased that the DSMB has once again supported the continuation of this pivotal trial and remain on track to file an NDA for this product in early 2010,” said pSivida Managing Director, Dr. Paul Ashton. “Following the recent amendment to the licensing agreement with our development partner, we continue to have a significant financial interest in IluvienTM and other products developed under this agreement without an obligation to fund the development of the products.”

In March, pSivida announced that it had amended its licensing agreement with development partner, Alimera Sciences to reduce its share in the future profits of Medidur FA from 50% to 20% in return for consideration of up to approximately US$78m from Alimera.

Medidur, a tiny, injectable insert, is being studied as a way to deliver fluocinolone acetonide, a corticosteroid, to the retina for up to three years as a treatment for diabetic macular edema (DME). Using a proprietary 25 gauge injector system, an eye care professional injects the Medidur insert into the vitreous through a minimally invasive procedure in an outpatient setting.

Currently, nearly 8 percent of the US population has diabetes. Over time, almost all diabetics will develop some form of diabetic retinopathy, of which diabetic macular edema is the primary cause of vision loss. Based on published data, pSivida estimates that in the United States as many as 300,000 people are diagnosed with DME each year and an estimated 1,000,000 people suffer from DME. Currently, there are no FDA approved drug treatments for DME.

A DSMB provides an independent evaluation of all trial data to identify potential safety issues that might warrant modification or early termination of ongoing studies. The FAME DSMB, a group comprised of four ophthalmologists and a biostatistician, met to review the Medidur FA Phase III clinical trial data. The DSMB’s charter stipulates that a formal review occur every six months in addition to their ongoing review of the trial.

Released by:

pSivida Corp.
Brian Leedman
Vice President, Investor Relations
pSivida Corp.
Tel: +61 8 9227 8327
brianl@psivida.com

US Public Relations
Beverly Jedynak
President
Martin E. Janis & Company, Inc
Tel: +1 (312) 943 1100 ext. 12
bjedynak@janispr.com

About pSivida Corp.

pSivida is a leading drug delivery company committed to the biomedical sector and the development of drug delivery products. Retisert® is FDA approved for the treatment of uveitis. Vitrasert® is FDA approved for the treatment of AIDS-related CMV Retinitis. Bausch & Lomb owns the trademarks Vitrasert® and Retisert®. pSivida has licensed the technologies underlying both of these products to Bausch & Lomb. The technology underlying Medidur™FA for diabetic macular edema is licensed to Alimera Sciences under an agreement with total consideration of up to US$78m plus a 20% share of future profits and is in fully recruited Phase III clinical trials. If approved, it is anticipated that MedidurTM FA will be marketed under the name IluvienTM. pSivida has a worldwide collaborative research and license agreement with previous and future payments of up US$165m with Pfizer Inc. for certain other ophthalmic applications of the Medidur™ technology. pSivida owns the rights to develop and commercialize a nano-porousform of elemental silicon, known as BioSilicon™, which has potential applications in drug delivery, wound healing, orthopedics, and tissue engineering. The most advanced BioSilicon™ product, BrachySil™, delivers a therapeutic, P32, directly to solid tumors and is presently in dose ranging clinical trials as a device for the treatment of pancreatic cancer.

pSivida's intellectual property portfolio consists of 64 patent families, 122 granted patents, including patents accepted for issuance and 282 patent applications. pSivida conducts its operations from Boston in the United States and Malvern in the United Kingdom.

SAFE HARBOR STATEMENTS UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: Various statements made in this release are forward-looking and involve a number of risks and uncertainties. All statements that address activities, events or developments that we intend, expect or believe may occur in the future are forward-looking statements. The following are some of the factors that could cause actual results to differ materially from the forward-looking statements: achievement of milestones and other contingent contractual payment events; failure to prove efficacy for Medidur FA or BrachySil; inability to raise capital; continued losses and lack of profitability; inability to develop or obtain regulatory approval for new products; inability to protect intellectual property or infringement of others' intellectual property; inability to obtain partners to develop and market products; termination of license agreements; competition; inability to pay any registration penalties; costs of international business operations; manufacturing problems; insufficient third-party reimbursement for products; failure to retain key personnel; product liability; inability to manage change; failure to comply with laws; failure to achieve and maintain effective internal control over financial reporting; amortization or impairment of intangibles; possible dilution through exercise of outstanding warrants and stock options or future stock issuances; potential restrictions from capital raises; possible influence by Pfizer; and other factors that may be described in our filings with the Securities and Exchange Commission. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. We do not undertake to publicly update or revise our forwardlooking statements even if experience or future changes make it clear that any projected results expressed or implied in such statements will not be realized.